DEFENSE LOGISTICS AGENCY

ARMY MATERIEL COMMAND

DLA/AMC Partnership Vendor Initiated Parts Resupply (VIPR)

General Officer and SES Update

30 JAN 04

Vendor Initiated Parts Resupply Tasking

"Create a Formal Partnership …to Close the Loop from Order to Retail, creating a 'Wal-Mart' like system…"

WAL★MART®
ALWAYS LOW PRICES. Always.

Initiative:

"Vendor Initiated Parts Resupply (VIPR)"

Key Players: **OSD, Joint Staff, DLA, AMC, TRANSCOM.**

Agenda

- WAL-MART Review
- VIPR Events
- Pilot Model
- Processes Review
- NIIN & Vendor Selection
- Metrics
- Road Ahead
- Decisions Requi

Mission

Conduct a pilot program with selected vendors to increase vendor responsibilities in DoD's supply chain

Pilot Objectives

- **Increase Supply Chain Visibility**
- **Reduce Total Costs**
- **Decrease Total Order Time**
- **Increase Demand Satisfaction**
- **Improve Readiness**

Wal-Mart Review

Perception	Reality
Vendors deliver direct to Stores	Vendors deliver to Distribution Ctrs -- Less than 10% goes directly to stores (Subsistence)
Vendors own inventory in Stores	Wal-Mart owns inventory in Stores
100% In-Transit Visibility	70% In-Transit Visibility
Vendor point-of-sale occurs when item scanned at check-out	Vendor Point-of-Sale occurs on receipt by Wal-Mart

Wal-Mart Review

What Makes Wal-Mart Different?

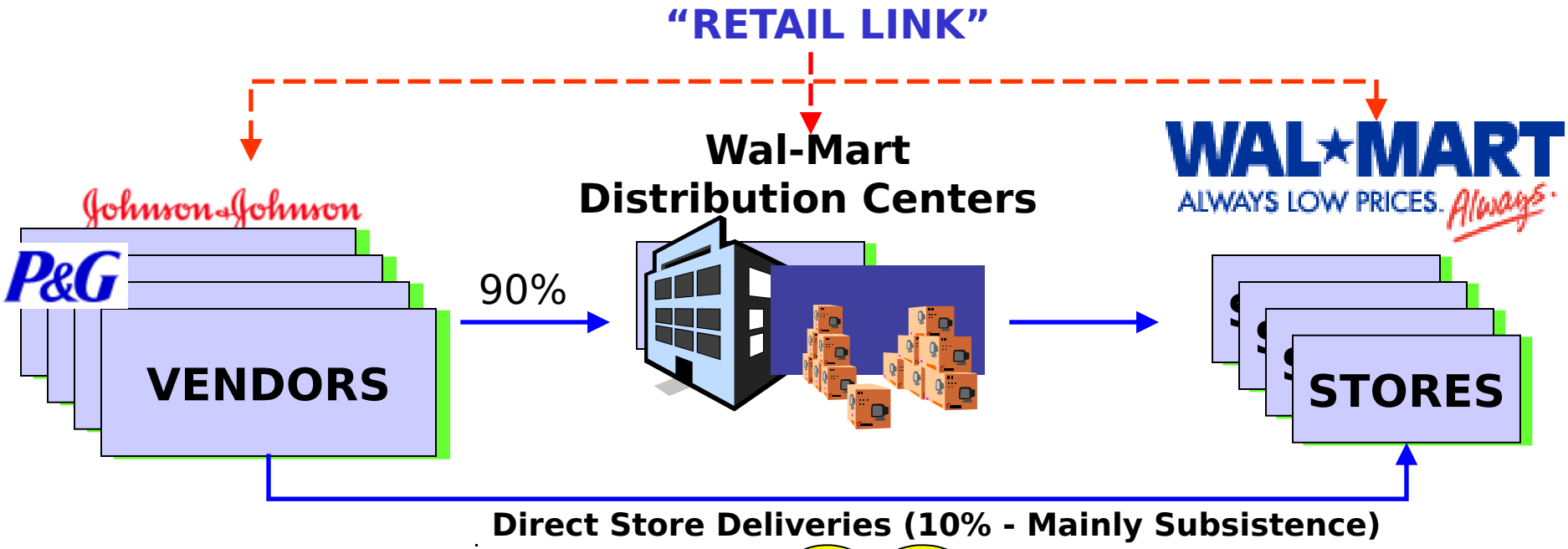
- Vendors have Visibility of Point-of-Sale and Inventory Data
  - Shared via “Retail Link”
- Select Vendors “Co-Manage” Inventory
  - Recommend Resupply using Wal-Mart’s Systems/Tools
  - Wal-Mart Retains Final Approval
  - Every Shipment has an Approved Purchase Order

WAL-MART defines Co-Managed as:

- ***Suppliers use our systems to replenish our stores rather than their own, giving us full visibility to what they are doing.”***

Own their Distribution Assets
Own their Distribution Assets

Wal-Mart Supply Chain



$ 245 Billion Annual Sales

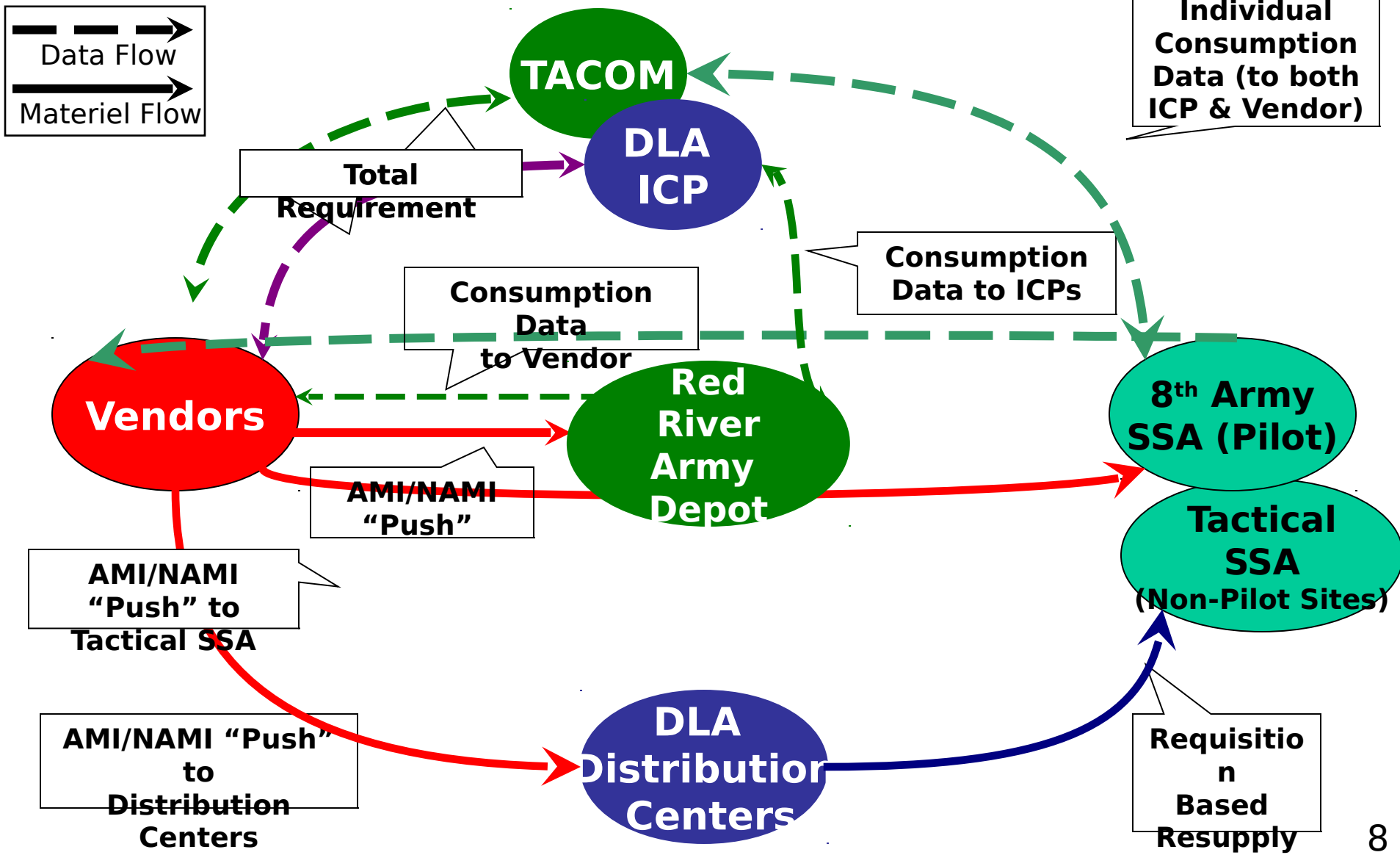
34 Regional Distribution Centers
Multiple Specialty Distr Ctrs
2800+ Stores

24 Inventory Turns Annually @ Distr Ctrs

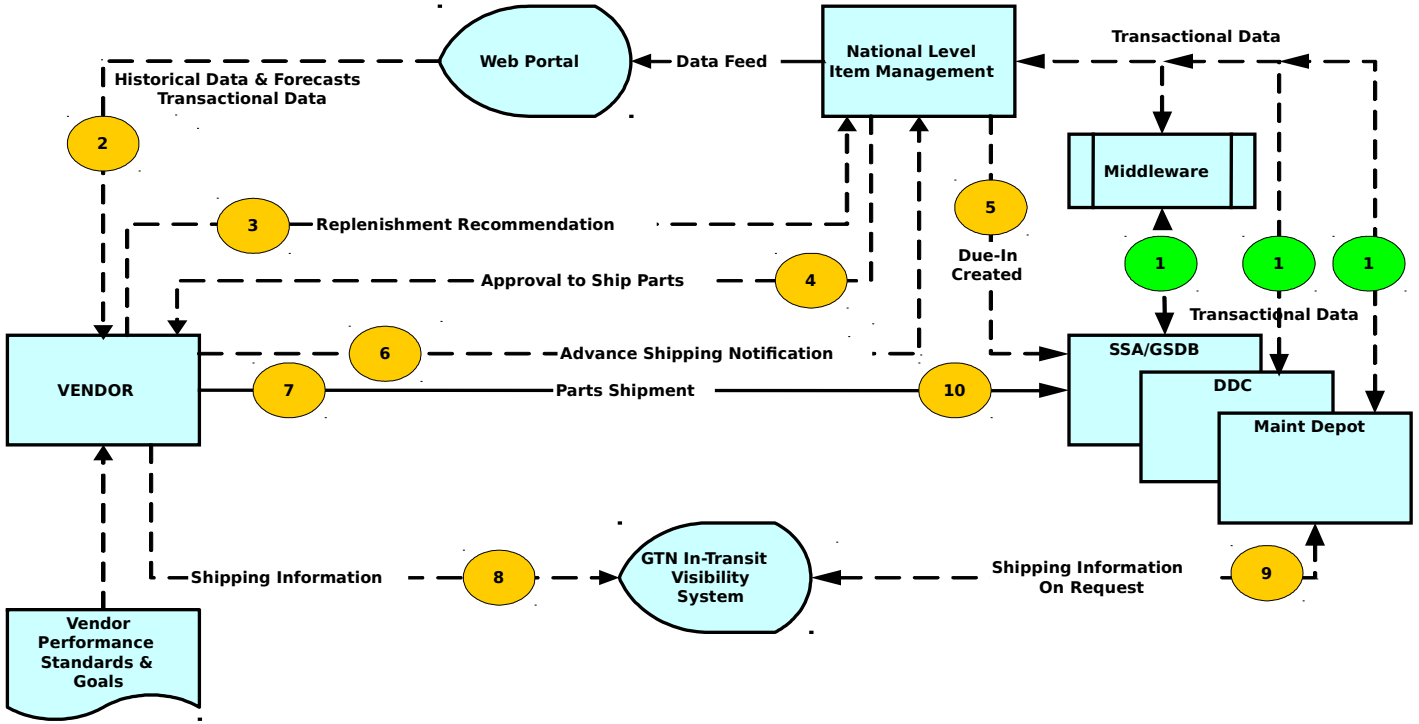
VIPR Update

- **Conducted three Process Action Team meetings**
- **Two visits to Wal-Mart Corporate Office – Bentonville, AR**
- **Conducting weekly teleconferences and monthly IPRs**
- **Identifying required actions and assign responsibilities**
- **Upcoming Feb 04 Events:**
  - 8th Army - Korea Visit (1-7 Feb 04)
  - Monthly GO/SES VTC Update (27 Feb 04 tentative)
  - GEN Kern/ADM Lippert Update (22 March 04 tentative)

Pilot Model


Data Flow
Materiel Flow
TACOM
DLA ICP
Total Requirement
Individual Consumption Data (to both ICP & Vendor)
Consumption Data to ICPs
Consumption Data to Vendor
Vendors
Red River Army Depot
8th Army SSA (Pilot)
AMI/NAMI "Push"
Tactical SSA (Non-Pilot Sites)
AMI/NAMI "Push" to Tactical SSA
AMI/NAMI "Push" to Distribution Centers
DLA Distribution Centers
Requisition Based Resupply

VIPR Pilot Process Flows

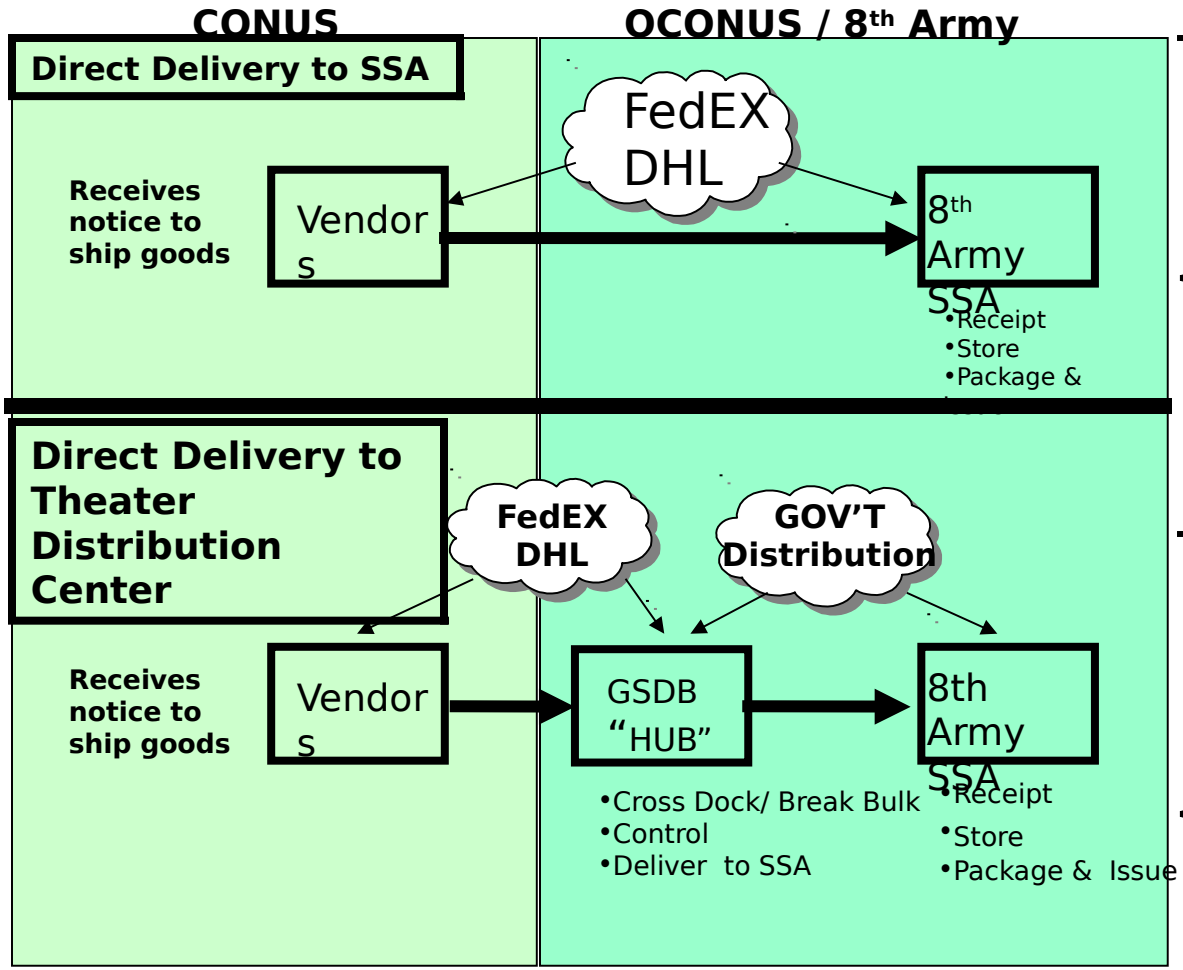


1	Transactional Data flows from receiving unit to begin the process
2	Vendor utilizes Web Portal to view customer history, forecasts, consumption data, inventory levels, etc.
3	Vendor recommends replenishment shipment IAW established performance criteria & goals
4	National Level item manager approves replenishment request
5	Due-In is created in receiving unit's system
6	Vendor issues advance shipping notification (ASN)
7	Vendor ships items
8	Vendor provides shipping information to TRANSCOM's Global Transportation Network (GTN)
9	GTN can be queried for replenishment shipment information
10	Items are received at customer unit

System Touch-Points

PROCESS	SSA	MAINT DEPOT	DLA DEPOT(S)
Visibility of Consumption Data	SSF M/W	SDS	SAMMS/BSM/ DSS
Vendor Access to Data	WEB Portal	WEB Portal	WEB Portal
Vendor Resupply Request	EDI msg/ASN	EDI msg/ASN	EDI msg/ASN
Approved Delivery Order	CCSS	CCSS	SAMMS/BSM
Due-In	SABSS	SDS	SAMMS/B

SSA Options



Considerations

- Commercial Vendors ability to clear customs timely
- Commercial distribution to 2ID SSA
- Increased workload on SSA with additional deliveries not tied to training rhythm
- Does not meet 8th Army desires - bypasses GSDB
- RFID tracking compliance

Considerations

- Meets 8th Army desires – for Theater Distribution Center (GSDB) use
- Commercial Vendors ability to clear customs timely
- Closely resembles Wal-mart distribution system
- Govt distribution to 2ID SSA
- Places predictability into SSA workload
- RFID tracking compliance

8th Army Imperatives

-Transparent to SSA/Soldiers - No cost to Command - No Impact on Readiness

- Backup Plan for Contingencies - Use Theater Dist Center (GSDB) vice direct to SSA

NIIN and Vendor Selection

Vendors	AMC	DLA
Oshkosh	☑	☑
AM General	☑	☑
Goodyear	☑	☒
Aeroquip (Back-up)		☑
Penn Detroit Diesel (Back-up)		☑

STATUS

- Selection Criteria:
  - Long Term Contract
  - Sole Source
  - Demand Based
- Conducted Initial Discussions with Vendors
- Detail Meeting with

ISSUE: RRAD SCOPE

Key Metrics

- Customer Wait Time
- Fill Rate
- Inventory Levels
- Cost Variations

Road Ahead

2004

Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov

- Coordinate Vendor Participation
- Develop IT Architecture
- 10-12 Feb Legal/Contract Workshop
- 1-19 Mar SIT
- 24-25 Mar Rock Drill Korea
- 1 April – 30 Oct SSA Pilot
- 1 April – 30 Oct RRAD Pilot
- 1 April – 30 Oct DLA Pilot

Guidance Required

- 8th Army SSA Concept
- RRAD Scope
- TACOM Obligation Authority Limitations
- Concurrence with Pilot Approach